Question:

Are items rented or sold by government agencies subject to sales tax?

Answer:

Sales to government agencies are exempt from sales tax when used by the government agency in their official capacity. However, if the government agency sells or rents tangible personal property to the public, those sales are subject to sales tax. If the agency rents tangible personal property to the public, the agency has the option to pay sales or use tax on the purchase of the item and not charge the customer sales tax with each rental or not pay the sales or use tax on the purchase and charge the customer sales tax with each rental. Examples of items commonly rented by government agencies that are subject to sales tax are golf carts and locker rental.